

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 H-03 SS-20

NSC-07 PRS-01 PA-04 USIA-15 SAJ-01 DRC-01 /112 W

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R 061658Z MAY 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0094

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E.O. 11652: N/A

TAGS: ETRN, UK

SUBJ: CIVAIR - US-UK CHARTER TALKS

1. SUMMARY. DISCUSSIONS HELD TUESDAY APRIL 30 WITH DEPARTMENT OF TRADE BY US TEAM INCLUDING SKED AND SUPP REPS. US REPS OUTLINED GENERAL PROBLEMS CURRENTLY FACING CHARTER OPERATORS AND SPECIFICALLY BURDENS ON CHARTER MARKET AND CARRIERS PRODUCED BY UK PRELISTING REGULATIONS. UK REPS INDICATED SYMPATHY BUT WISHED TO HAVE ANALYSIS OF GENERAL STATE OF CHARTER MARKET IN 1974 BEFORE CONSIDERING WHETHER ANY CORRECTIVE ACTION REQUIRED. IT WAS AGREED TO DEVELOP INFORMATION ON THIS PLUS EXPECTED IMPACT OF UK REGULATIONS. END SUMMARY.

2. IN MONDAY AND TUESDAY MEETING WITH CARRIER REPS (NACA, PAA, TWA, ONA, CAPITOL, TIA, AND WORLD) AN EFFORT WAS MADE TO DEVELOP INFORMATION ON ACTUAL DAMAGE INCURRED IN CHARTER OPERATIONS TO UK BY UK REGULATIONS ON PRELISTING FOR AFFINITIES AND COMMINGLED ITCS. WHILE CARRIERS WERE UNABLE DEVELOP MUCH HARD INFO BECAUSE HIGH SEASON NOT YET STARTED, SOME INDICATIONS OF IMPACT WERE AVAILABLE WHICH COULD BE REGARDED AS SIGNALS OF PROBLEMS DEVELOPING.

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3. IN MEETING APRIL 30 WITH DEPARTMENT TRADE OFFICIALS (LED BY ROGERS, UNDER SECRETARY, CIVAIR DIVISION 207 US TEAM, WHICH INCLUDED SCHEDULED AND SUPPLEMENTAL INDUSTRY REPS, PRESENTED GENERAL ANALYSIS OF SITUATION, INCLUDING SERIOUSLY ADVERSE IMPACT OF FUEL PRICE INCREASES, UNFAVORABLE PUBLICITY GIVEN IN US TO ECONOMIC PROBLEMS IN UK DURING WINTER MONTHS AND GENERALLY SOFT CHARTER MARKET IN US AT PRESENT. TEAM WENT ON TO POINT OUT THAT HARMFUL EFFECT OF THESE UNFAVORABLE FACTORS WAS BEING COMPOUNDED BY STRINGENT AND CUMBERSOME CHARTER REGULATIONS, PARTICULARLY THE PRELISTING REQUIREMENT, WHICH UK HAD INTRODUCED AT BEGINNING OF THE YEAR. US ARGUED THAT SOME RELIEF FROM NEW REGULATIONS WAS CALLED FOR IN ORDER AVOID DAMAGE BOTH TO CHARTER INDUSTRY AND TO UK TOURISM INTERESTS.

4. ROGERS EXPRESSED SOME SYMPATHY FOR US VIEWS AND INDICATED THAT IF CASE COULD BE ESTABLISHED BY FIRM DATA THAT CHARTER MARKET WILL BE SERIOUSLY DEPRESSED THIS SUMMER BECAUSE OF UK RULES, HE WOULD BE PREPARED TO REVIEW RULES WITH VIEW TOWARD CORRECTIVE ACTION. FURTHERMORE, HE RECOGNIZED THERE WAS A NEED TO ACCOMPLISH THIS EXPEDITIOUSLY. AT HIS SUGGESTION, US AGREED TO PROVIDE MARKET ANALYSIS COMPARING 1973 CHARTER SITUATION WITH THAT CURRENTLY IN PROSPECT FOR 1974. THE 1974 PICTURE IS TO BE SUPPORTED BY AS MUCH FIRM EVIDENCE AS CURRENTLY AVAILABLE REGARDING GENERAL LEVEL OF MARKET DEMAND BOTH US-EUROPE AND US-UK AND WILL INCLUDE INFORMATION AVAILABLE REGARDING CANCELLED PROGRAMS TO UK, DIVERSIONS TO OTHER COUNTRIES,

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AND FALL OFF IN SALES PROSPECTS DUE TO INABILITY OF TRAVEL ORGANIZERS TO MEET BOOKING CONDITIONS BECAUSE OF RESTRICTIVE UK RULES. ANALYSIS IS TO BE PROVIDED TO UK AUTHORITIES DURING WEEK ENDING MAY 10 WITH POSSIBILITY OF MEETING TO DISCUSS REPORT IN FOLLOWING WEEK. IF UK IS PERSUADED BY EVIDENCE PRESENTED, DECISIONS ON RULE CHANGES WOULD BE TAKEN IMMEDIATELY THEREAFTER.

4. US TEAM ALSO RAISED COMMINGLING ISSUE AND INDICATED THAT UK INSISTENCE ON PRELISTING OF ITC PASSENGERS 30 DAYS IN ADVANCE WHEN ITCS ARE SPLIT WITH TGCS WAS MAKING ITCS UNMARKETABLE. TEAM ALSO NOTED THAT ITC/TGC SPLIT CHARTERS WERE IMPORTANT ELEMENT IN SOME ORGANIZERS' TRAVEL PROGRAMS FOR 1974 AND UNLESS RELIEF GIVEN ON PRELISTING OF ITC PASSENGERS, ENTIRE PROGRAMS WERE THREATENED. ROGERS STATED THAT ITC PRELIST WAS ESSENTIALLY FOR ENFORCEMENT PURPOSES AND WAS NOT INTENDED AS AN ADDITIONAL CONDITION ON IT CHARTERWORTHINESS. HE INSISTED THAT FILING OF ITC PRELIST WAS NECESSARY ON SPLIT CHARTERS, BUT HE AGREED TO LOOK INTO POSSIBILITY OF SHARP REDUCTION IN FILING TIME FOR PRELIST AND PROMISED AN EARLY RESPONSE.

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5. US TEAM REFERRED TO UK UNDERTAKING DURING JANUARY TALKS TO STUDY POSSIBILITY OF ALLOWING COMMINGLING OF ITC AND AFFINITY CHARTERS AND PRESSED ROGERS FOR FLEXIBILITY IN THIS AREA AS WELL. ROGERS AGREED TO GIVE US EARLY REPLY ON THIS QUESTION AS WELL BUT NOTED THAT IF AUTHORITY WERE GRANTED TO COMMINGLE ITCS WITH AFFINITIES, AN ITC PRELIST WOULD AGAIN BE REQUIRED FOR ENFORCEMENT PURPOSES, PROBABLY WITH SAME FILING TIME AS WHEN ITCS SPLIT WITH TGCS.

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Message Attributes

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